

HEALTH CHOICE INTEGRATED CARE
STATEMENT OF FINANCIAL POSITION
AS OF: December 31, 2015

ASSETS

CURRENT ASSETS

| | |
|--|-------------------|
| 101 Cash (Disclose on Schedule A) | 25,745,356 |
| 102 Current Investments | - |
| 103 Accounts Receivable (net) (Disclose on Schedule A) | 921,561 |
| 104 Notes Receivable (current portion) | - |
| 105 Prepaid Expenses | - |
| 106 Other Current Assets (Disclose on Schedule A) | - |
| 107 Total Current Assets | <u>26,666,917</u> |

NON-CURRENT ASSETS

| | |
|--|----------|
| 108 Land | - |
| 109 Building | - |
| 110 Leasehold Improvements | - |
| 111 Furniture and Equipment | - |
| 112 Vehicles | - |
| 113 Total Property and Equipment | - |
| 114 Less: Accumulated Depreciation | - |
| 115 Net Property and Equipment | <u>-</u> |
| 116 Notes Receivable (net of current portion) | - |
| 117 Performance Bond (Disclose on Schedule A) | - |
| 118 Long Term Investments | - |
| 119 Deposits | - |
| 120 Other Noncurrent Assets (Disclose on Schedule A) | - |
| 121 Total Noncurrent Assets | <u>-</u> |

| | |
|-------------------------|--------------------------|
| 122 TOTAL ASSETS | <u><u>26,666,917</u></u> |
|-------------------------|--------------------------|

LIABILITIES AND NET ASSETS/EQUITY

CURRENT LIABILITIES

| | |
|---|-------------------|
| 201 Incurred But Not Reported Claims (Disclose on Sch. A) | 7,024,017 |
| 202 Reported But Unpaid Claims | - |
| 203 Payable to ADHS (Disclose on Schedule A) | - |
| 204 Payable to Providers | 7,523,968 |
| 205 Trade Accounts Payable | 3,747,814 |
| 206 Accrued Salaries and Benefits | - |
| 207 Long-term Debt (current portion) | - |
| 208 Deferred Revenue (Disclose on Schedule A) | - |
| 209 Risk Pool Payable | - |
| 210 Other Current Liabilities (Disclose on Schedule A) | 456,067 |
| 211 Total Current Liabilities | <u>18,751,866</u> |

NON-CURRENT LIABILITIES

| | |
|---|----------|
| 212 Long-term debt (net of current portion) | - |
| 213 Loss Contingencies (Disclose on Schedule A) | - |
| 214 Other Noncurrent Liabilities (Disclose on Schedule A) | - |
| 215 Total Noncurrent Liabilities | <u>-</u> |

| | |
|------------------------------|-------------------|
| 216 TOTAL LIABILITIES | <u>18,751,866</u> |
|------------------------------|-------------------|

217 NET ASSETS/EQUITY

| | |
|--|-----------|
| Unrestricted Net Assets | 7,915,051 |
| Restricted Net Assets (Disclose on Schedule A) | - |

| | |
|--|--------------------------|
| 218 TOTAL LIABILITIES AND NET ASSETS/EQUITY | <u><u>26,666,917</u></u> |
|--|--------------------------|

HEALTH CHOICE INTEGRATED CARE
STATEMENT OF FINANCIAL POSITION
AS OF:
Schedule A Disclosure

December 31, 2015

| ASSETS: | | | | LIABILITIES: | | | |
|--|---------------|-----------------------|-------------------|---|------------------------|----------|-----------|
| Cash | | | | IBNR Claims Estimate | | | |
| | Unrestricted | | 25,745,356 | Current Year | | | 7,024,017 |
| | Restricted | | | Prior Year | | | - |
| Total Cash | | | <u>25,745,356</u> | | | | |
| Accounts Receivable (Detail of Line 103) | | | | Total IBNR | | | |
| ADHS | | | | <u>7,024,017</u> | | | |
| | Program ID | Category ID | | Payable to ADHS (Detail of Line 203) | | | |
| Current Year | | | | Program ID | Category ID | | |
| | MHBG SED | | 46,950 | | | | |
| | MHBG SMI | | 5,622 | | | | |
| | SABG | | 294,746 | Current Year | | | |
| | Other Federal | CABHI | 89,987 | | | | |
| | PASRR/ADOH | | 1,200 | | | | |
| | Other Federal | State Youth Treatment | 6,435 | | | | |
| | | HIF | 270,000 | Prior Year | | | |
| | | | | Total Payable to ADHS | | | |
| | | | | <u>-</u> | | | |
| Prior Year | | | | Deferred Revenue from: (Detail of Line 208) | | | |
| | | | | | Category ID | | |
| Non-ADHS &/or Unrelated Business | | | | ADHS | | | |
| | Program ID | Category ID | | Current Year | County | Title 36 | - |
| | | | | Prior Year | | | |
| Current Period | | SBIRT | 206,621 | Non-ADHS &/or Unrelated Business | | | |
| | | | | Current Year | | | |
| Prior Year | | | | Prior Year | | | |
| Total Accounts Receivable | | | | Total Deferred Revenue | | | |
| <u>921,561</u> | | | | <u>-</u> | | | |
| | | | | Other Current Liabilities (Detail of Line 210) | | | |
| | | | | | Community Reinvestment | | 186,067 |
| | | | | | Payable for HIF | | 270,000 |
| Other Current Assets (Detail of Line 106) | | | | | | | |
| | | | | | | | |
| Total Other Current Assets | | | | Total Other Current Liabilities | | | |
| <u>-</u> | | | | <u>456,067</u> | | | |
| Other Noncurrent Assets (Detail of Line 120) | | | | Loss Contingencies (Detail of Line 213) | | | |
| | | | | Identify Loss Contingencies | | | |
| | | | | Total Loss Contingencies | | | |
| | | | | <u>-</u> | | | |
| | | | | Other Noncurrent Liabilities (Detail of Line 214) | | | |
| | | | | | | | |
| Total Other Noncurrent Assets | | | | Total Other Noncurrent Liabilities | | | |
| <u>-</u> | | | | <u>-</u> | | | |
| Payables to ADHS - Other* Category | | | | Restricted Net Assets (Detail of Line 217) | | | |
| Disclose items recorded as "Other" in the category for Payable to ADHS Section | | | | Identify Restricted Net Assets | | | |
| | | | | Total Restricted Net Assets | | | |
| | | | | <u>-</u> | | | |

HEALTH CHOICE INTEGRATED CARE
STATEMENT OF CHANGES IN NET ASSETS / EQUITY
AS OF : December 31, 2015

| | | | Initial Capital | Additional Capital | Net Assets / Retained Earnings | Unrealized Gains (Losses) on Securities | Total |
|--|--------------------------|--------------------------|-----------------|--------------------|--------------------------------|---|-----------|
| Beginning Balance: | October 1, 2015 | | 5,000,000 | | - | | 5,000,000 |
| * ADHS Net Surplus / Net Earning for the period ended: | | December 31, 2015 | | - | 2,915,051 | | 2,915,051 |
| Other Comprehensive Income: | | | | | | | - |
| Unrealized Gains (Losses) on Securities | | | | | | | - |
| Dividends Paid | | | | | | | - |
| ** Prior Period Adjustments | | | | | | | - |
| Ending Balance: | December 31, 2015 | | | | | | - |
| | | | 5,000,000 | - | 2,915,051 | - | 7,915,051 |

* Net of Dividends Paid

** Disclosure of Prior Period Adjustments

| | TXIX/XXI Non CMDP Child | TXIX/XXI CMDP Child | TXIX/XXI DD Child | TXIX/XXI GMH/SA Non Dual | TXIX/XXI DD Adult | TXIX/XXI SMI Integrated | TXIX/XXI SMI Non Integrated | NTXIX/XXI Crisis | NTXIX/XXI SMI | NTXIX/XXI Other | Supported Housing for TXIX SMI | SB1616 Housing | MHBG SED | MHBG SMI | SABG | Other Federal | County | PASRR/ ADOH | Sub-Total | Mgmt & Gen | Total |
|--|-------------------------------|------------------------|----------------------|--------------------------------|----------------------|----------------------------|--------------------------------|---------------------|---------------|--------------------|--------------------------------------|-------------------|----------|----------|-----------|---------------|---------|----------------|------------|------------|------------|
| REVENUE | | | | | | | | | | | | | | | | | | | | | |
| 401 Revenue Under ADHS Contract | | | | | | | | | | | | | | | | | | | | | |
| a ADHS Revenue | 10,401,299 | 4,768,546 | 1,066,832 | 14,827,321 | 818,718 | 24,549,712 | 1,098,232 | 597,535 | 1,615,538 | - | 147,873 | - | 199,174 | 107,523 | 1,105,984 | 6,435 | 242,268 | 1,800 | 61,554,790 | - | 61,554,790 |
| b Reconciliation Settlement/Profit Risk Adjustment | | | | | | | | | | | | | | | | | | | - | - | - |
| 402 Specialty & Other Grants* | 48,815 | 22,380 | 5,007 | 69,587 | 3,842 | 115,215 | 5,154 | | | | | | | | 11,250 | 89,987 | | 78,030 | 449,267 | 206,621 | 655,888 |
| 403 Interest/Investment Income | | | | | | | | | | | | | | | | | | | - | - | - |
| 404 Reserved for Future Use | | | | | | | | | | | | | | | | | | | | | |
| 490 TOTAL REVENUE | 10,450,114 | 4,790,926 | 1,071,839 | 14,896,908 | 822,560 | 24,664,927 | 1,103,386 | 597,535 | 1,615,538 | - | 147,873 | - | 199,174 | 107,523 | 1,117,234 | 96,422 | 242,268 | 79,830 | 62,004,057 | 206,621 | 62,210,678 |
| EXPENSES | | | | | | | | | | | | | | | | | | | | | |
| Service Expenses: | | | | | | | | | | | | | | | | | | | | | |
| 501 Treatment Services | | | | | | | | | | | | | | | | | | | | | |
| a Counseling | | | | | | | | | | | | | | | | | | | | | |
| 1 Counseling, Individual | 623,922 | 263,507 | 16,477 | 1,615,086 | 35,270 | 594,839 | 74,657 | - | - | | | | 21,762 | - | 71,089 | | | | 3,316,610 | | 3,316,610 |
| 2 Counseling, Family | 236,841 | 118,555 | 11,940 | 55,706 | 3,542 | 11,973 | 1,503 | | | | | | 4,609 | - | 8,475 | | | | 453,144 | | 453,144 |
| 3 Counseling, Group | 58,980 | 24,948 | 1,367 | 708,420 | 5,997 | 173,100 | 21,726 | 76 | | | | | 173,100 | - | 79,178 | | | | 1,075,577 | | 1,075,577 |
| b Assessment, Evaluation and Screening | 415,438 | 140,896 | 27,745 | 1,310,683 | 45,103 | 257,191 | 32,280 | 14,320 | 77,184 | | | | 8,018 | 5,361 | 62,817 | | 111,444 | | 2,508,480 | | 2,508,480 |
| c Other Professional | 824 | - | - | - | - | - | - | - | - | | | | - | - | - | | | | 824 | | 824 |
| d Total Treatment Services | 1,336,015 | 547,906 | 57,529 | 3,689,896 | 89,012 | 1,037,103 | 130,166 | 14,396 | 77,184 | - | - | - | 37,064 | 5,361 | 221,559 | - | 111,444 | - | 7,354,635 | - | 7,354,635 |
| 502 Rehabilitation Services | | | | | | | | | | | | | | | | | | | | | |
| a Living Skills Training | 2,193,875 | 598,161 | 274,275 | 633,314 | 98,824 | 814,930 | 102,281 | - | 147,936 | | | | 44,720 | 10,275 | 30,012 | | | | 4,948,603 | | 4,948,603 |
| b Cognitive Rehabilitation | - | - | - | - | - | - | - | - | - | | | | - | - | - | | | | - | | - |
| c Health Promotion | 14,492 | 15,110 | 647 | 193,870 | 1,073 | 60,818 | 7,633 | - | 15,375 | | | | 257 | 1,068 | 48,545 | | | | 358,889 | | 358,889 |
| d Supported Employment Services | 4,967 | 179 | 34 | 296,425 | 25,832 | 480,183 | 60,267 | | 61,129 | | | | - | 4,246 | 4,826 | | | | 938,088 | | 938,088 |
| e Total Rehabilitation Services | 2,213,334 | 613,450 | 274,956 | 1,123,608 | 125,729 | 1,355,931 | 170,181 | - | 224,440 | - | - | - | 44,977 | 15,689 | 83,384 | - | - | - | 6,245,580 | - | 6,245,580 |
| 503 Medical Services | | | | | | | | | | | | | | | | | | | | | |
| a Medication Services | - | - | - | 299,256 | | 23,018 | 2,889 | - | 7,936 | | | | - | 551 | 23,032 | | | | 356,682 | | 356,682 |
| b Medical Management | 210,812 | 34,092 | 19,412 | 724,208 | 35,918 | 397,092 | 49,839 | 695 | 105,157 | | | | 5,489 | 7,304 | 11,611 | | | | 1,601,629 | | 1,601,629 |
| c Laboratory, Radiology & Medical Imaging | 2,641 | 455 | 190 | 12,937 | 352 | 672 | 806 | 26 | 806 | | | | 48 | 56 | 80 | | | | 23,617 | | 23,617 |
| d Electro-Convulsive Therapy | - | - | 64 | - | - | 9,247 | 1,161 | - | - | | | | - | - | - | | | | 10,472 | | 10,472 |
| e Total Medical Services | 213,453 | 34,547 | 19,666 | 1,036,400 | 36,270 | 434,712 | 54,561 | 721 | 113,899 | - | - | - | 5,537 | 7,911 | 34,723 | - | - | - | 1,992,400 | - | 1,992,400 |
| 504 Support Services | | | | | | | | | | | | | | | | | | | | | |
| a Case Management | 1,452,235 | 1,011,393 | 163,920 | 1,966,252 | 139,861 | 1,612,927 | 202,436 | 75,156 | 381,277 | | | | 29,259 | 26,748 | 81,800 | | | | 7,143,263 | | 7,143,263 |
| b Personal Care Services | 46,518 | 4,872 | 46,267 | 413,785 | 25,497 | 203,146 | 25,497 | 10,337 | 16,539 | | | | 557 | 1,149 | 66,782 | | | | 835,449 | | 835,449 |
| c Family Support | 335,580 | 122,803 | 42,601 | 6,102 | 521 | 4,559 | 572 | | 1,388 | | | | 1,973 | 96 | 234 | | | | 516,429 | | 516,429 |
| d Peer Support | 1,881 | 404 | 239 | 327,215 | 8,383 | 499,357 | 62,674 | 1,524 | 95,255 | | | | - | 6,616 | 16,860 | | | | 1,020,407 | | 1,020,407 |
| e Home Care Training to Home Care Client | - | - | - | - | - | - | - | - | - | | | | 12,843 | - | - | | | | 12,843 | | 12,843 |
| f Unskilled Respite Care | 596,578 | 242,552 | 76,853 | - | - | 1,690 | 212 | - | - | | | | 3,763 | - | - | | | | 921,648 | | 921,648 |
| g Supported Housing* | - | - | - | - | - | - | - | - | 62,464 | | 136,043 | | 2,392 | 26,442 | - | | | | 227,341 | | 227,341 |
| h Flex Fund Services | - | - | - | - | - | - | - | - | - | | | | - | - | - | | | | - | | - |
| i Transportation | 538,677 | 150,268 | 34,304 | 1,237,938 | 31,094 | 622,498 | 78,129 | 3,315 | 72,771 | | | | 5,653 | 5,052 | 17,994 | | | | 2,797,694 | | 2,797,694 |
| j Total Support Services | 2,971,469 | 1,532,292 | 364,184 | 3,951,292 | 179,859 | 2,944,177 | 369,520 | 90,332 | 629,694 | - | 136,043 | - | 56,440 | 66,103 | 183,671 | - | - | - | 13,475,074 | - | 13,475,074 |
| 505 Crisis Intervention Services | | | | | | | | | | | | | | | | | | | | | |
| a Crisis Intervention - Mobile | 22,959 | 4,962 | 733 | 143,493 | 6,845 | 66,096 | 8,296 | 124,438 | - | | | | 3,170 | - | 9,648 | | | | 390,641 | | 390,641 |
| b Crisis Intervention - Stabilization | 97 | 113 | - | 55,513 | - | 2,597 | 326 | 3,009 | - | | | | - | - | - | | | | 61,655 | | 61,655 |
| c Crisis Intervention - Telephone | 18,000 | - | - | 51,000 | - | 105,000 | - | 126,000 | - | | | | - | - | - | | | | 300,000 | | 300,000 |
| d Total Crisis Intervention Services | 41,056 | 5,075 | 733 | 250,006 | 6,845 | 173,694 | 8,622 | 253,447 | - | - | - | - | 3,170 | - | 9,648 | - | - | - | 752,296 | - | 752,296 |
| 506 Inpatient Services | | | | | | | | | | | | | | | | | | | | | |
| a Hospital | | | | | | | | | | | | | | | | | | | | | |
| 1 Psychiatric (Provider Types 02 & 71) | 453,999 | 142,617 | 116,898 | 754,188 | 34,366 | 1,223,200 | - | 88,999 | - | | | | - | - | - | | 111,443 | | 2,925,710 | | 2,925,710 |
| 2 Detoxification (Provider Types 02 & 71) | 2,008 | - | - | 244,815 | - | 22,814 | 2,863 | 5,783 | - | | | | - | - | - | | | | 278,283 | | 278,283 |
| b Sub acute Facility | | | | | | | | | | | | | | | | | | | | | |
| 1 Psychiatric (Provider Types B5 & B6) | 5,400 | - | - | 209,630 | - | 483,871 | - | 81,286 | - | | | | - | - | - | | | | 780,187 | | 780,187 |
| 2 Detoxification (Provider Types B5 & B6) | - | - | - | 84,069 | - | 35,272 | 4,427 | 6,420 | - | | | | - | - | 6,925 | | | | 137,113 | | 137,113 |
| c Residential Treatment Center (RTC) | | | | | | | | | | | | | | | | | | | | | |
| Psychiatric - Secure & Non-Secure Provider Types | | | | | | | | | | | | | | | | | | | | | |
| 1 78.B1.B2.B3 | 884,790 | 728,938 | - | 1,426 | 29,458 | 27,504 | 3,452 | - | 30,960 | | | | - | - | - | | | | 1,706,528 | | 1,706,528 |
| Detoxification - Secure & Non-Secure (Provider Types | | | | | | | | | | | | | | | | | | | | | |
| 2 78.B1.B2.B3) | - | - | - | - | - | - | - | - | - | | | | - | - | - | | | | - | | - |
| d Inpatient Services, Professional | 16,653 | 5,996 | 460 | 134,009 | 2,909 | 86,104 | 10,807 | 8,348 | - | | | | - | - | - | | | | 265,286 | | 265,286 |
| e Total Inpatient Services | 1,362,850 | 877,551 | 117,358 | 1,428,137 | 66,733 | 1,878,765 | 21,549 | 190,836 | 30,960 | - | - | - | - | - | 6,925 | - | 111,443 | - | 6,093,107 | - | 6,093,107 |
| 507 Residential Services | | | | | | | | | | | | | | | | | | | | | |
| a Behavioral Health Residential Facilities | 300,293 | 443,043 | - | 789,010 | 77,782 | 1,957,768 | 214,499 | - | - | | | | - | - | 267,463 | | | | 4,049,857 | | 4,049,857 |
| b Reserved for Future Use | - | - | - | - | - | - | - | - | - | | | | - | - | - | | | | - | | - |
| c Room and Board | - | - | - | - | - | - | - | - | - | | | | 26,665 | - | 18,138 | | | | 44,803 | | 44,803 |
| d Total Residential Services | 300,293 | 443,043 | - | 789,010 | 77,782 | 1,957,768 | 214,499 | - | - | - | - | - | 26,665 | - | 18,138 | - | - | - | 4,094,660 | - | 4,094,660 |
| 508 Behavioral Health Day Program | | | | | | | | | | | | | | | | | | | | | |
| a Supervised Day Program | - | - | - | - | - | - | - | - | - | | | | - | - | - | | | | - | | - |
| b Therapeutic Day Program | - | - | - | 80 | - | - | - | - | - | | | | - | - | - | | | | 80 | | 80 |
| c Medical Day Program | - | - | - | - | - | - | - | - | - | | | | - | - | - | | | | - | | - |
| d Total Behavioral Health Day Program | - | - | - | 80 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 80 | - | 80 |
| 509 Prevention Services | | | | | | | | | | | | | | | | | | | | | |
| a Prevention | - | - | - | - | - | - | - | - | - | | | | - | - | 130,005 | | | | 130,005 | | 130,005 |
| b HIV | - | - | - | - | - | - | - | - | - | | | | - | - | 18,489 | | | | 18,489 | | 18,489 |
| c Total Prevention Services | - | - | - | - | - | - | - | - | - | | | | - | - | 148,494 | - | - | - | 148,494 | - | 148,494 |
| 510 Pharmacy Expenses | | | | | | | | | | | | | | | | | | | | | |
| a Pharmacy Expense | 822,462 | 87,089 | 108,772 | 823,237 | 141,104 | 2,117,494 | - | - | 410,117 | | | | - | - | 2,058 | | | | 4,515,133 | | 4,515,133 |
| b Less Pharmacy Rebate Received | (3,992) | (423) | (528) | (3,996) | (685) | (10,278) | - | - | - | | | | - | - | - | | | | (19,902) | | (19,902) |
| c Pharmacy Rebate Related Expense | - | - | - | - | - | - | - | - | - | | | | - | - | - | | | | - | | - |
| d Total Pharmacy Expense | 818,470 | 86,666 | 108,244 | 819,241 | 140,419 | 2,107,216 | - | - | 410,117 | - | - | - | 2,058 | - | 2,800 | | - | - | 4,495,231 | - | 4,495,231 |
| 511 Other ADHS Service Expenses Not Rpt'd Above* | - | - | - | - | - | - | - | - | - | | | | - | - | - | | | | 7,720 | | 7,720 |
| 512 BH FQHC/RHC Services | 539 | - | - | - | - | - | - | - | - | | | | - | - | - | | 5,920 | 1,800 | 539 | | 539 |
| 513 | | | | | | | | | | | | | | | | | | | | | |

*DISCLOSE ON SCHEDULE A

| | TXIX/XXI Non CMDP Child | TXIX/XXI CMDP Child | TXIX/XXI DD Child | TXIX/XXI GMH/SA Non Dual | TXIX/XXI DD Adult | TXIX/XXI SMI Integrated | TXIX/XXI SMI Non Integrated | NTXIX/XXI Crisis | NTXIX/XXI SMI | NTXIX/XXI Other | Supported Housing for TXIX SMI | SB1616 Housing | MHBG SED | MHBG SMI | SABG | Other Federal | County | PASRR/ ADOH | Sub-Total | Mgmt & Gen | Total |
|---|-------------------------------|------------------------|----------------------|--------------------------------|----------------------|----------------------------|--------------------------------|---------------------|---------------|--------------------|--------------------------------------|-------------------|----------|----------|--------|---------------|--------|----------------|-----------|------------|-----------|
| Administrative Expenses: | | | | | | | | | | | | | | | | | | | | | |
| 601 Compensation | | | | | | | | | | | | | | | | | | | - | - | |
| 602 Management Fee | 674,088 | 301,270 | 68,590 | 952,274 | 52,581 | 1,577,210 | 70,533 | 47,803 | 129,244 | | 11,830 | | 12,799 | 6,910 | 71,579 | 24,243 | 19,381 | 5,809 | 4,026,144 | | 4,026,144 |
| 603 Professional & Outside Services | | | | | | | | | | | | | | | | | | | - | - | |
| 604 Interpreter/Translation Services | - | - | - | - | - | | - | - | - | | | | - | - | - | | | | - | - | |
| 605 Occupancy | | | | | | | | | | | | | | | | | | | - | - | |
| 606 Depreciation | | | | | | | | | | | | | | | | | | | - | - | |
| 607 Care Management | | | | | | | | | | | | | | | | | | | - | - | |
| 608 All Other Operating Expenses not reported above* | | | | | | | | | | | | | | | | | | | - | - | |
| 610 Subtotal Administrative Expenses | 674,088 | 301,270 | 68,590 | 952,274 | 52,581 | 1,577,210 | 70,533 | 47,803 | 129,244 | - | 11,830 | - | 12,799 | 6,910 | 71,579 | 24,243 | 19,381 | 5,809 | 4,026,144 | - | 4,026,144 |
| 650 Encounter Evaluation Sanctions* | | | | | | | | | | | | | | | | | | | - | - | |
| 651 Administrative Expenses from Specialty and Other Grants* | 48,815 | 22,380 | 5,007 | 69,587 | 3,842 | 115,215 | 5,154 | - | - | - | - | - | - | - | - | - | - | - | 270,000 | | 270,000 |
| 690 Total Administrative Expense | 722,903 | 323,650 | 73,597 | 1,021,861 | 56,423 | 1,692,425 | 75,687 | 47,803 | 129,244 | - | 11,830 | - | 12,799 | 6,910 | 71,579 | 24,243 | 19,381 | 5,809 | 4,296,144 | - | 4,296,144 |
| 700 Profit (Loss) from Operations | 469,732 | 326,746 | 55,572 | 787,377 | 43,488 | 1,281,797 | 58,601 | - | - | - | - | - | 10,464 | 5,649 | 68,850 | (17,879) | - | (5,809) | 3,084,588 | 16,530 | 3,101,118 |
| 710 Profit (Loss) from Other, Non-ADHS, Non-Operating & Unrelated Business* | | | | | | | | | | | | | | | | | | | - | (186,067) | (186,067) |
| 720 Net Pre-Tax Profit(Loss) | 469,732 | 326,746 | 55,572 | 787,377 | 43,488 | 1,281,797 | 58,601 | - | - | - | - | - | 10,464 | 5,649 | 68,850 | (17,879) | - | (5,809) | 3,084,588 | (169,537) | 2,915,051 |
| 750 Income Tax | | | | | | | | | | | | | | | | | | | | | |
| a ADHS Income Tax | | | | | | | | | | | | | | | | | | | - | - | |
| b Non ADHS Income Tax | | | | | | | | | | | | | | | | | | | - | - | |
| 799 Total Income Taxes | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 800 Net After-Tax Profit/(Loss) | 469,732 | 326,746 | 55,572 | 787,377 | 43,488 | 1,281,797 | 58,601 | - | - | - | - | - | 10,464 | 5,649 | 68,850 | (17,879) | - | (5,809) | 3,084,588 | (169,537) | 2,915,051 |

*Disclose on Schedule A

| | |
|--|--------------------------|
| | Physical Health Services |
| | EXPENSES |
| 550 Hospitalization | |
| a Hospital Inpatient | 2,533,998 |
| b Total Hospitalization | 2,533,998 |
| 560 Medical Compensation | |
| a Primary Care Physician | 1,311,697 |
| b Referral Physician | 572,080 |
| c PH FQHC/RHC Services | |
| d Other Professional | 478,688 |
| e Total Medical Compensation | 2,362,465 |
| 570 Other Medical Expenses | |
| a Emergency Facility Services | 570,334 |
| b Pharmacy | 2,110,788 |
| c less: Pharmacy Rebates | 218,148 |
| d Lab, X-ray, & Medical Imaging | 1,146,871 |
| e Outpatient Facility | 76,263 |
| f Durable Medical Equipment | 304,979 |
| g Dental | 332,648 |
| h Transportation | 87,342 |
| i Nursing Facility, Home Health Care | 57,503 |
| j Physical Therapy | |
| k Value Based Purchasing Initiatives Provider Expenses | |
| l Miscellaneous Medical Expenses | 4,904,876 |
| m Total Other Medical Expenses | 9,801,339 |
| 580 Total Physical Health Services Expense | |

December 31, 2015

| | TXIX/XXI Non CMDP Child | TXIX/XXI CMDP Child | TXIX/XXI DD Child | TXIX/XXI GMH/SA Non Dual | TXIX/XXI DD Adult | TXIX/XXI SMI Integrated | TXIX/XXI SMI Non Integrated | NTXIX/XXI Crisis | NTXIX/XXI SMI | NTXIX/XXI Other | Supported Housing for TXIX SMI | SB1616 Housing | MHBG SED | MHBG SMI | SABG | Other Federal | County | PASRR/ ADOH | Sub-Total | Mgmt & Gen | Total |
|--|----------------------------|------------------------|----------------------|--------------------------------|----------------------|----------------------------|--------------------------------|---------------------|---------------|--------------------|--------------------------------------|-------------------|----------|----------|------|---------------|--------|----------------|-----------|------------|-----------|
| DISCLOSURE OF ADMINISTRATIVE EXPENSES FROM SPECIALTY AND OTHER GRANTS ON LINE 651 | | | | | | | | | | | | | | | | | | | | | |
| Health Insurer Fee | 48,815 | 22,380 | 5,007 | 69,587 | 3,842 | 115,215 | 5,154 | | | | | | | | | | | | 270,000 | | 270,000 |
| Total Adm Expenses from Specialty and Other Grants | 48,815 | 22,380 | 5,007 | 69,587 | 3,842 | 115,215 | 5,154 | - | - | - | - | - | - | - | - | - | - | - | 270,000 | - | 270,000 |
| DISCLOSURE OF OTHER, NON-ADHS, NON-OPERATING AND UNRELATED BUSINESS EXPENSES LINE 710 | | | | | | | | | | | | | | | | | | | | | |
| Community Reinvestment | | | | | | | | | | | | | | | | | | | - | (186,067) | (186,067) |
| Total Other, Non-ADHS, Non-Operating and Unrelated Business | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (186,067) | (186,067) |

Disclosures:

The amount of \$30,960 reported on line #506c1 in the NTXIX/XXI SMI column is for the NTXIX adolescent in residential treatment with an IEP at Innercept.

HEALTH CHOICE INTEGRATED CARE
FOOTNOTES TO FINANCIAL STATEMENTS
As of: December 31, 2015

1. ORGANIZATIONAL STRUCTURE

Nature of operations - Health Choice Integrated Care (HCIC) located at 1300 S. Yale Street, Flagstaff, Arizona is an Arizona Limited Liability Company. Through a contract with the Arizona Department of Health Services (ADHS), HCIC has been designated as the Regional Behavioral Health Authority (RBHA) for the geographic service area of Northern Arizona. HCIC is responsible for managing and maintaining an organized, comprehensive integrated healthcare delivery system for the benefit of eligible members within its geographic service area. HCIC functions as an integrated health management organization and does not provide direct healthcare services to eligible members. Direct healthcare services are provided to eligible members by a network of subcontract service providers. HCIC operates as an LLC and is owned 52% by IASIS Corporation and 48% by Northern Arizona Regional Behavioral Health Authority Institute, Inc (NARBHA).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents - Cash includes cash deposits in banks.

Grants and contracts receivable - HCIC has amounts outstanding from ADHS for the provision of comprehensive healthcare services for the benefit of eligible members within its geographic service area. Management considers grants and contracts receivable to be fully collectible and, accordingly, an allowance for doubtful accounts is not considered necessary.

Incurred But Not Reported (IBNR) Claims Payable - IBNR consists of claims for acute care services as these are the only claims HCIC is directly responsible for. Since there is no historical experience, an estimate is booked based on an actuarially determined per member per month acute medical expense.

Methodolgy:

Expenses for claims incurred but not reported are estimated and recognized on a monthly basis. Until a history is built up, an amount of \$585.20 per member per month is being used as an estimate for total acute cost. Each month, actual acute expense is deducted from this amount. The remaining balance is the contribution to the IBNR for the current month. After a sufficient history is available, using a combination of historical claims experience (including severity and payment lag time) and other factors including membership and category of service will be used. The medical expense is estimated on a year-to-date basis each month.

Revenue - ADHS/DBHS Title XIX/XXI capitation revenue is accrued and recognized using the number of eligible clients provided by ADHS/DBHS multiplied by the approved capitation rates currently being paid, unless the most recent capitation rates were already approved and are awaiting payment. Non-capitated ADHS/DBHS revenue is accrued and or allocated using 1/12 of the ADHS/DBHS Allocation Schedule (or ADHS/DBHS payment schedule).

Service Expense Allocation Methodologies by Program - All encounters from October 1, 2015 through September 30, 2016 being reported are entered on a spreadsheet by program. This is based on a report generated by the Management Information Systems (MIS) department that reflects each service code on the lines per Exhibit D Crosswalk to Covered Services Guide. Where applicable, additional amounts are added to the lines for Inpatient Psychiatric Hospitals, Subacute Facilities, Chemical Dependency residential facilities and crisis phones so that the expense shown on the Statement of Activities ties to the fixed price block purchase agreement amount and ties to the actual payments made. An amount is allocated to each line, other than for the fixed block purchase amounts, based on the percentage reported for that line as compared to the total reported. The total expense reported for each program then ties to the amount paid or payable to providers for each program. At this point an evaluation is done for each program to see if there needs to be a reallocation of funds to be in line with what is being encountered. Pharmacy expenses are recorded to the fund types based on pharmacy expenses paid year-to-date. Rebates are allocated based on pharmacy expenses. Non-encounterable services for SAPT Prevention, SAPT HIV, state supported housing, bridge subsidy housing grant, child and family teams, etc. are directly allocated to the appropriate program.

Administrative Expenses - 6.5% of total revenue is paid to Health Choice Management Company (HCMC) for administrative expenses.

Health Insurer Fees - An estimate based on TXIX/TXXI revenue is booked monthly for health insurer fees. A payable is booked with an offsetting receivable from ADHS.

3. OTHER AMOUNTS

None.

4. PLEDGES, ASSIGNMENTS AND GUARANTEES

HCIC has no pledges, assignments, or collateralized assets. There are also no guaranteed liabilities not disclosed on the balance sheet.

5. PERFORMANCE BONDS

This is met with a surety bond purchased from Westchester Fire Insurance Company in the amount of \$20,755,395.

6. MATERIAL ADJUSTMENTS

None.

7. INCURRED BUT NOT REPORTED (IBNR) CLAIMS PAYABLE ANALYSIS

IBNR claims payable are calculated monthly based on historical experience. The balance of \$7,024,017 is the balance for physical services.

8. CONTINGENT LIABILITIES

In the opinion of management, no legal matters exist that would have a material adverse effect on the financial position of HCIC.

9. EQUITY ACTIVITY

\$2,600,000 was contributed by IASIS and \$2,400,000 by NARBHA.

10. NON-COMPLIANCE WITH FINANCIAL VIABILITY STANDARDS AND PERFORMANCE GUIDELINES

None.

11. FLUCTUATIONS IN STATEMENT OF FINANCIAL POSTION ACCOUNTS

N/A

12. PHARMACY REBATES

HCIC has received \$19,902.37 year-to-date.

13. INTEREST ON LATE CLAIMS

None.

14. SANCTIONS

None.

15. PROVIDER ADVANCES / INCENTIVES

None.

16. VALUE BASED PURCHASING INITIATIVES

HCIC utilizes the performance based bonus method for paying out incentives.

17. REINSURANCE

The vendor is Partner Re. The deductible is \$350,000 and the co-insurance arrangement is 90/10 meaning HCIC pays 10% after the \$350,000 deductible. Paid claims by member is the method utilized to determine if a case is eligible for reinsurance. Reinsurance only applies to acute medical expenses for the TXIX SMI Integrated population. At this point, HCIC has had no cases qualifying for reinsurance under this arrangement.

18. BLOCK GRANTS

SABG Children's Expenses: \$69,063 October 1, 2015 through December 31, 2015
SABG MAT Expense: \$2,800 October 1, 2015 through December 31, 2015 consisting of \$2,800 MAT meds.

19. PRIOR PERIOD ADJUSTMENTS

None.

**HEALTH CHOICE INTEGRATED CARE
STATEMENT OF CASH FLOWS
CONTRACT YEAR TO DATE AS OF:**

December 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES:

| | |
|---|-------------------|
| Changes in Net Assets | 2,915,051 |
| Adjustments to Reconcile Excess of Revenue Over/(Under) Expenses to | |
| Net Cash Provided (Used) by Operating Activities: | |
| Depreciation and Amortization | |
| Bond Amortization | |
| Non-cash provision for income taxes | |
| Net Unrealized (gains) losses on investments | |
| (Gain) loss on sale of investments | |
| (Gain) loss on sale of assets | |
| (Increases)/Decreases in Assets: | |
| Accounts Receivable | (921,561) |
| Notes Receivable | |
| Prepaid Assets | |
| Other Assets | |
| Increases/(Decreases) in Liabilities: | |
| IBNR | 7,024,017 |
| RBUC | |
| Accounts Payable to ADHS | |
| Accounts Payable to Providers | 7,523,968 |
| Deferred Revenue | - |
| Accounts Payable and Other Accrued Liabilities | 3,747,814 |
| Due to District | |
| Due to Affiliates, Net | |
| Other Liabilities | 456,067 |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | 20,745,356 |

CASH FLOWS FROM INVESTING ACTIVITIES

| | |
|---|----------|
| Proceeds from Sale of Property & Equipment | |
| Purchases of Capitalized Software | |
| Maturity of Investments | |
| Purchase of Investments | |
| NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES | - |

CASH FLOWS FROM FINANCING ACTIVITIES:

| | |
|---|-------------------|
| Contributions from Member Organizations | 5,000,000 |
| Dividends Paid | |
| Issuance of Common Stock | |
| Payment of Other Debts (Describe on Schedule A) | |
| NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES | 5,000,000 |
| NET INCREASE/(DECREASE) IN CASH | 25,745,356 |
| BEGINNING CASH | - |
| ENDING CASH BALANCE * | 25,745,356 |

***NOTE: ENDING CASH BALANCE MUST AGREE WITH TOTAL CASH BALANCE ON BALANCE SHEET**

HEALTH CHOICE INTEGRATED CARE

STATEMENT OF CASH FLOWS

CONTRACT YEAR TO DATE AS OF:

Schedule A Disclosure

December 31, 2015

Describe:

1. Sources and amounts of cash received for other grants.
2. Underlying transactions for acquisition of debt.
(Debtor, amount, purpose of loan, term, interest rate of debt acquired)
3. Underlying transactions for retirement of debt.
(Debtor, amount paid off.)
4. Cash Flows From Financing Activities - Payment of Other Debt
5. Supplemental data or non-cash investing and financing activities, gifts, etc.